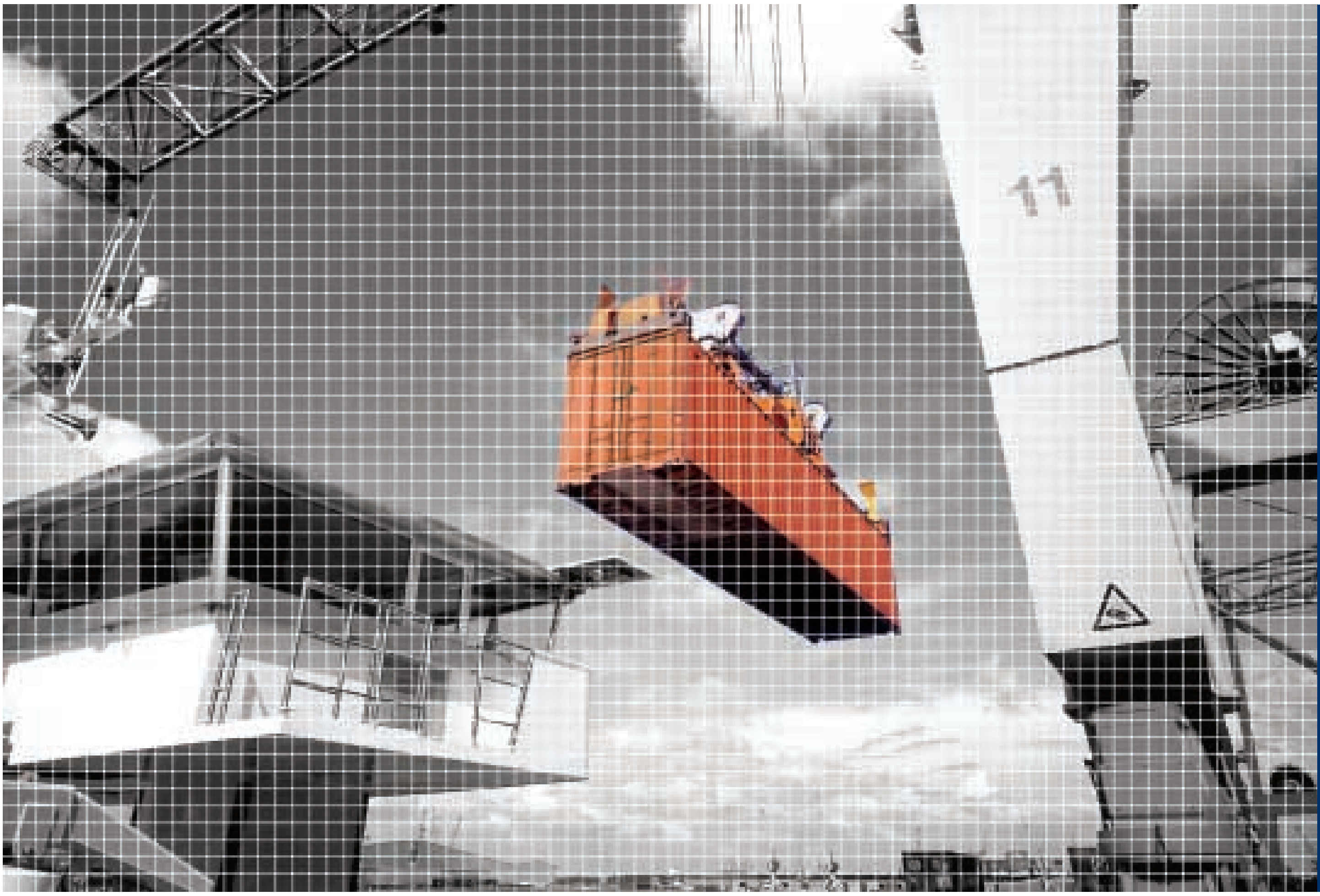
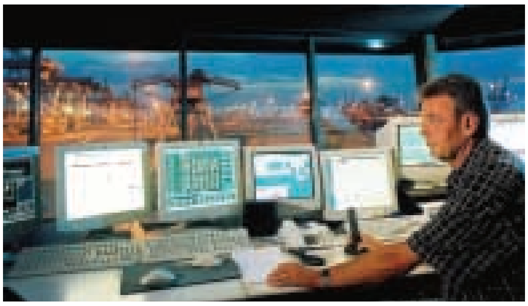
Operations Review

Ports and Related Services



Hutchison Port Holdings is taking a leading role in the industry-wide security initiative Smart and Secure Tradelanes (SST). This initiative incorporates new business practices and advanced technologies to maintain a level of security in the movement of cargo within marine containers from door to door. It also provides a level of assurance that the physical integrity of the container has not been compromised as it passes from point to point through the chain of custody.



The Group is one of the world's largest independently owned operators of container terminals and currently has interests in 32 ports with 178 berths in 15 countries. Turnover for the ports and related services division for 2003 totalled HK$23,129 million, an increase of HK$2,557 million, or 12%, compared to 2002, mainly due to a 16% increase in annual throughput to reach 41.5 million twenty-foot equivalent units ("TEUs").

1 ■ South Korea
2 ■ Hong Kong
3 ■ Mainland China
4 ■ Indonesia
5 ■ Malaysia
6 ■ Thailand
7 ■ Myanmar
8 ■ Pakistan
9 ■ Saudi Arabia
10 ■ Tanzania
11 ■ The Netherlands
12 ■ UK
13 ■ Argentina
14 ■ The Bahamas
15 ■ Panama
16 ■ Mexico

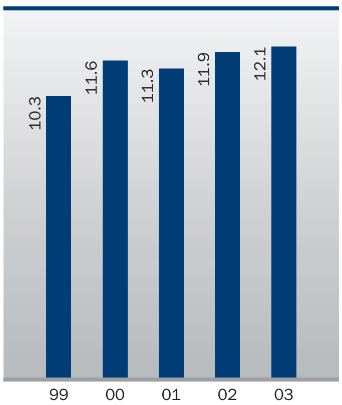
The throughput increase arose from growth of the existing ports at Yantian, Shanghai and Europe Container Terminals ("ECT") in Rotterdam, a full year contribution from Ningbo and three terminals in Busan and Kwangyang, South Korea, which were acquired in the first half of 2002, and the additional contribution from Shanghai Pudong International Container Terminals ("SPICT") at Waigaoqiao Phase I, which was acquired in March 2003. EBIT from this division increased 15% in 2003 to HK$7,597 million, mainly due to increased throughput.

Hong Kong and Yantian

The Group's Hong Kong and Yantian deepwater port operations serve the Shenzhen and Southern China manufacturing basin. Combined throughput in these two operations increased 8% and combined EBIT was 13% better than last year, reflecting increased export volumes. The port of Hong Kong remained the world's busiest container port in 2003.

In Hong Kong, Hongkong International Terminals ("HIT") operates Terminals 4, 6, 7 and one berth in Terminal 9 at Kwai Chung and COSCO-HIT Terminals ("CHT"), a joint venture company, operates Terminal 8 East. Combined throughput growth at HIT and CHT was 3% below last year while Yantian International Container Terminals ("YICT") recorded another year of growth with throughput increasing 26%. Construction work continued on the Terminal 9 consortium development at Kwai Chung in which HIT has the right to own and operate two of the six berths. In July, HIT's first berth at this terminal started operation. Development of its second berth will be completed in late

Kwai Chung Container Throughput
Millions TEUs



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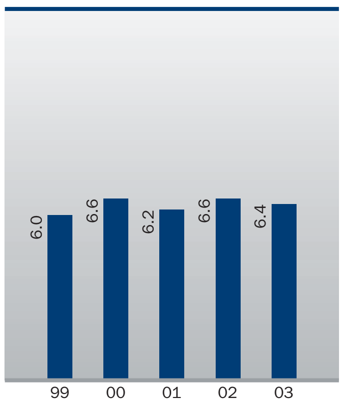
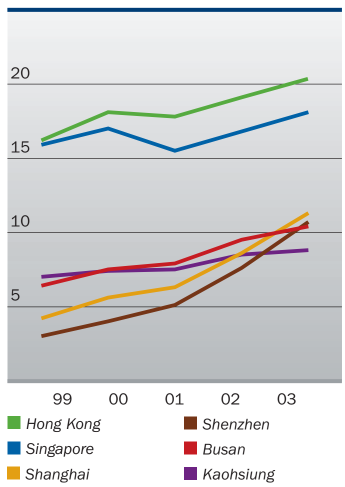
HIT & CHT Container Throughput
Millions TEUs



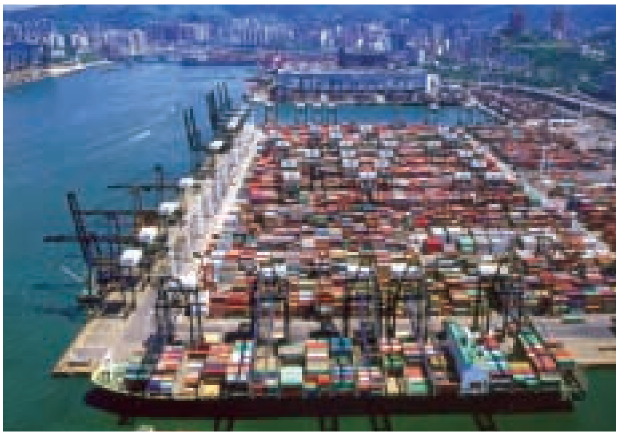
see note below

Comparison of Container Throughput
Millions TEUs



Note: *The published statistics from the Hong Kong Marine Department for the total of local and transshipment throughput in the Kwai Chung Container Throughputs graph incorporate liftings to or from ocean going vessels and containers received from or delivered to ports located within the river trade zone (as defined by the Hong Kong Marine Department) through water-borne traffic. Throughput figures of HIT and COSCO-HIT exclude this water-borne traffic, consistent with the treatment of containers transported to or from locations within the river trade zone by trucks.*

Using the latest technologies, Hongkong International Terminals is committed to the highest levels of productivity and efficiency.



Hongkong International Terminals is the leading operator in the busiest container port in the world.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Hongkong International Terminals/COSCO-HIT Terminals	Kwai Chung	86.5%/43.25%	6,392
Yantian International Container Terminals	Yantian, PRC	48%	5,258
Yantian International Container Terminals (Phase III)	Yantian, PRC	42.7%	
Mid-Stream Holdings	Hong Kong	100%	2,440
River Trade Terminal	Tuen Mun	43%	2,262

2004 and commence operation in early 2005. The Yantian Phase III development, which comprises four container berths adjacent to the existing five berths of Phases I and II facilities, is continuing. The first two berths commenced operation in the fourth quarter and the two remaining berths at Yantian are expected to be completed in late 2004.

Other operations in Hong Kong include the mid-stream and river trade businesses. Mid-Stream Holdings had a satisfactory year, whereby throughput increased 18% and EBIT improved. River Trade Terminal, a joint venture which principally serves the water-borne trade between the Pearl River Delta region and Hong Kong, continued to be affected by competition but losses have been reduced.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Hutchison Ports (UK) – Felixstowe, Thamesport and Harwich	The United Kingdom	100%	2,984
Europe Container Terminals	The Netherlands	98%	3,794

Harwich International Port is one of the UK's leading multi-purpose freight and passenger terminals.

Koja Container Terminal is strategically located in the industrial heartland of West Java, Indonesia.

Europe

The Group's UK port operations, consisting of Felixstowe, Thamesport and Harwich, reported throughput 7% below last year and EBIT declined 26%, mainly due to training new recruits and other operating costs incurred targetting to improve productivity and handling capacity in the near term. Harwich port's passenger and freight roll-on/roll-off services reported a 13% decrease in passenger numbers but a 17% increase in freight volume.

ECT in Rotterdam reported throughput 8% above last year. EBIT was 312% above last year reflecting increased throughput, increased Iraq war related cargo handling, and realised cost efficiencies. In December, the Group acquired an additional interest, which increased the Group's shareholding to 98%.

Asia, Middle East and Africa

These operations comprise container terminals in Jakarta in Indonesia, Dammam in Saudi Arabia, Busan and Kwangyang in South Korea, Klang in Malaysia, Dar es Salaam in Tanzania, Karachi in Pakistan and Laemchabang in Thailand.

In Indonesia, Jakarta International Container Terminal and the adjacent Koja Container Terminal continued to operate in a challenging environment and reported combined throughput 2% below last year, while EBIT increased 2%.

In Saudi Arabia, International Ports Services reported throughput growth of 13% and EBIT increased 4% compared to last year.

In South Korea, the Group's Hutchison Korea Terminals, which operates two terminals in Busan and one in Kwangyang, reported a 5% increase over the comparable throughput last year and EBIT increased 28% on an annualised basis.

In Malaysia, Kelang Multi Terminal reported throughput growth of 11% but EBIT declined 3%.

Hutchison Kwangyang Container Terminal lies along the main trade arteries of North Asia with connections to Asia, Europe and the Americas.

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Jakarta International Container Terminal and Koja Container Terminal	Indonesia	51%/47.9%	2,050
International Ports Services	Saudi Arabia	51%	635
Hutchison Korea Terminals (two terminals in Busan and one terminal in Kwangyang)	South Korea	100%	2,435
Korea International Terminals	South Korea	80%	80
Kelang Multi Terminal	Malaysia	31.5%	2,187
Tanzania International Container Terminal Services	Tanzania	70%	201
Karachi International Container Terminal	Pakistan	100%	365
Thai Laemchabang Terminal	Thailand	88%	188

The Tanzania International Container Terminal Services, in Dar es Salaam reported throughput growth of 21% and EBIT increased 46%, mainly due to a strong regional economy.

In Pakistan, the Karachi International Container Terminal reported throughput growth of 2% and EBIT increased 43% compared to last year. The Phase II expansion plan is scheduled to be completed this year and will provide approximately 33% additional handling capacity.

Shanghai Pudong International Container Terminals operates three berths at Phase I of the Waigaoqiao Terminal.

Mainland China

Throughput at Shanghai Container Terminals rose 11% and EBIT increased 21% over last year. The Group's 49% owned Ningbo Beilun International Container Terminals reported throughput growth of 37% and EBIT 155% above last year. SPICT, which operates Phase I of Waigaoqiao Container Terminals, was acquired in March 2003. SPICT reported throughput of 1.8 million TEUs and EBIT was better than expectations.

The Hutchison Delta Ports six joint venture river and coastal ports in Jiuzhou, Nanhai, Gaolan, Jiangmen, Xiamen and Shantou reported improved performances. Container throughput and general cargo handling increased 22% and 58% respectively and the combined EBIT increased 88% compared to the previous year.

Name	Group's Interest	2003 Throughput (thousand TEUs)
Shanghai Container Terminals	37%	3,358
Shanghai Pudong International Container Terminals (Waigaoqiao Phase I)	30%	1,766
Ningbo Beilun International Container Terminals	49%	1,350
Pearl River Delta Ports in Southern China – Jiuzhou, Nanhai, Gaolan and Jiangmen	50%	675
Xiamen International Container Terminals	49%	573
Shantou International Container Terminals	70%	74

Name	Location	Group's Interest	2003 Throughput (thousand TEUs)
Internacional de Contenedores Asociados de Veracruz	Mexico	100%	665
Freeport Container Port	The Bahamas	70%	1,058
Panama Ports Company	Panama	90%	538
Buenos Aires Container Terminal Services	Argentina	100%	138

The Americas and The Caribbean

These operations comprise the ports in Veracruz and Ensenada in Mexico, Freeport in the Bahamas, Balboa and Cristobal in Panama and Buenos Aires in Argentina.

Internacional de Contenedores Asociados de Veracruz, on the eastern coast of Mexico, reported throughput growth of 11% and EBIT was in line with last year.

Freeport Container Terminal on Grand Bahama Island reported throughput 23% above last year but EBIT declined 34%, mainly due to higher upfront costs incurred to increase productivity and handling capacity. The civil works for Phase IV expansion was completed in February this year and with the delivery of equipment towards the end of 2004, the annual handling capacity will increase by 58%.

In Panama, the Group operates the ports of Balboa and Cristobal, located near both ends of the Panama Canal. The combined throughput was 23% above last year and EBIT was 179% above last year, mainly due to a reduction in operating costs. Expansion of the Balboa terminal is in progress and on completion in early 2005, the annual handling capacity will increase to one million TEUs.

In Mexico, the Group acquired in July a 51% interest in a joint venture company which holds a concession to operate an existing one-berth terminal and to develop an 85-hectare deepwater, green field site in the Port of Lazaro Cardenas on the Pacific Coast of Mexico.

Lazaro Cardenas Terminal Portuaria de Contenedores in Mexico is the newest member of Hutchison Port Holdings.